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Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Federal-State Joint Board on) CC Docket No. 96-45
Universal Service)
)

**COMMENTS OF THE COMMERCIAL INTERNET
EXCHANGE ASSOCIATION ("CIX")**

The Commercial Internet eXchange Association ("CIX"), by its attorneys, respectfully submits these comments in response to the Commission's Notice of Proposed Rulemaking, FCC 96-45 (released March 8, 1996) (the "NPRM"). The NPRM sets forth a broad range of questions regarding how best to implement the universal service provisions of the 1996 Act. At this juncture, CIX simply sets out some of the policy considerations that militate against subjecting Internet access to universal service payment obligations under Section 254(d) of the Communications Act, as discussed in ¶¶ 23 and 118-20 of the NPRM.

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I. INTRODUCTION

The Commercial Internet eXchange Association ("CIX") is the nation's largest trade association of Internet access and Internet service providers. CIX presently consists of nearly 200 domestic and international members, ranging from large providers of Internet backbone service, to small "dial-up" local providers. (A copy of a recent CIX membership list is attached hereto.)¹ The organization's members carry over 75% of the nation's Internet traffic. As a non-profit organization for the industry, CIX works to facilitate global connectivity among commercial ISPs, and to foster fair and open environments for Internet interconnection and commercialization.

CIX members offer access to the Internet.² Internet access is a service that permits users to obtain information stored on, and to send information to, other computer servers that are part of the network of networks that comprise the Internet. The service permits users to obtain and make available information over the Internet, but is distinct from providing Internet content (for example by creating and posting content to a web site).

¹ These comments represent the views of CIX as a trade organization and are not necessarily those of individual members.

² Many CIX members also offer other information services, such as web site hosting and selection and provision of content, etc. Because CIX does not anticipate that any party to this proceedings will claim that such services are subject to universal service charges, only Internet access is discussed in these comments.

II. STRONG POLICY CONSIDERATIONS POINT AGAINST IMPOSING UNIVERSAL SERVICE CHARGES ON INTERNET ACCESS AT THIS POINT IN THE DEVELOPMENT OF THE NETWORK

In Section 254(d), Congress gave the Commission discretion to impose universal service charges on "other provider[s] of interstate telecommunications to contribute to the preservation and advancement of universal service if the public interest so *requires*." 47 U.S.C. § 254(d).

CIX cautions that, at this point in the development of the Internet, the public interest points strongly against subjecting Internet access to universal service charges that may artificially distort and hinder innovation in this vibrant sector of the American economy and that may impede low cost availability of service.

Internet access is a highly competitive, flourishing market in the process of rapid technological change. The price of Internet access is plummeting, and major new providers are in the process of entering the market. Internet technologies have changed rapidly in the last several years, and will develop further in the coming months and years -- bringing entirely new media of delivery and new protocols.

CIX urges the Commission to avoid imposing universal service charges that would distort the vibrant development of the Internet and that are unnecessary for affordable Internet access.

Imposing universal service charges at this juncture risks distorting the development of technology by discriminating against delivery of Internet services via the Public Service Telephone Network (including basic telephony and ISDN). Other access technologies such as those that are connectionless (including CATV, Switched Multimegabit Digital Service (SMDS)), and those that utilize virtual channel technologies (Frame Relay and Asynchronous Transfer Mode (ATM) services) would be artificially advantaged.

Furthermore, Internet services should not be subject to access charges because the nature of Internet access is fundamentally different from telephony. In Internet access, unlike telephony, there is no way to distinguish a customer's local exchange traffic from its interexchange traffic. The Internet has a flat address space without NPA or NXX. Imposing the present regime of access charges on the Internet would foster major inefficiencies because routers would need to maintain a huge database to distinguish between Internet sites that are within a LATA and those that are not. If some kind of tax were desired for Internet usage, an entirely different costing methodology would be needed.

IV. CONCLUSION

For the foregoing reasons, CIX urges the Commission to refrain from subjecting Internet access providers to universal service payments at this time.

Respectfully submitted,

COMMERCIAL INTERNET EXCHANGE
ASSOCIATION

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Date: April 12, 1996

Commercial Internet eXchange Association Membership List

• 2020Net (Electronic Systems of Richmond)	Virginia & Washington D.C.
• Able Tech	San Jose, California
• Advantis	National U.S.
• Agate Internet Services	Bangor, Maine
• Aimnet	California
• Allied Access	Illinois
• AlphaNet	Wisconsin
• alpha-web	Japan
• AlterNet	National U.S.
• American Network	New York
• ANS CO+RE Systems, Inc.	National U.S.
• Apex Global Info Systems (AGIS)	Michigan
• Ashton Communications	Mexico and National U.S.
• Asociados Espada C.A.	Venezuela
• AuroraNet	Canada
• a2i Communications	San Francisco Bay Area, California
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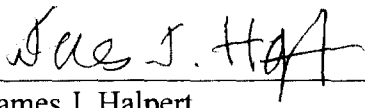
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CERTIFICATE OF SERVICE

I hereby certify that, on this 12th day of April, 1996, a copy of the foregoing Comments has been sent by First Class U.S. Mail to the Federal-State Joint Board in accordance with the service list of record.



James J. Halpert